

# APEX SPINNING & KNITTING MILLS LIMITED

Rupayan Golden Age (5th & 6th Floor), 99 Gulshan Avenue, Gulshan, Dhaka-1212.  
Un-audited Half Yearly (Q2) Financial Statements for the period ended on 31st December 2016

## STATEMENT OF FINANCIAL POSITION (UN-AUDITED) AS AT 31ST DECEMBER, 2016

	Value in Taka '000'		
	As on 31.12.2016	As on 30.06.2016	Growth %
<b>ASSETS</b>			
<b>Non-Current Assets:</b>	<b>316,605</b>	<b>271,915</b>	
Property, Plant and Equipment	291,686	250,630	16
Investment	24,919	21,285	17
<b>Current Assets:</b>	<b>1,006,500</b>	<b>1,189,581</b>	
Inventories	192,636	193,149	(0)
Trade Receivables	386,396	437,866	(12)
Advances, Deposits & Pre- Payments	114,239	148,874	(23)
Other Receivables	22,904	21,763	5
Cash & Cash Equivalents	290,325	387,929	(25)
<b>TOTAL ASSETS</b>	<b>1,323,105</b>	<b>1,461,496</b>	
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Equity:</b>	<b>429,386</b>	<b>434,056</b>	
Share Capital	84,000	84,000	0
Share Premium	15,000	15,000	0
Reserve and Surplus	317,447	325,388	(2)
Fair Valuation Surplus of Investment	12,939	9,668	34
<b>Non-Current Liabilities:</b>	<b>4,029</b>	<b>3,902</b>	
Deferred Tax Liability	4,029	3,902	3
<b>Current Liabilities:</b>	<b>889,690</b>	<b>1,023,538</b>	
Working Capital Loan (Secured)	9,738	83,790	(88)
Short Term Loan	46,944	54,616	(14)
Trade Payables	690,694	745,164	(7)
Other Payables	142,314	139,968	2
<b>Total Liabilities</b>	<b>893,719</b>	<b>1,027,440</b>	(13)
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,323,105</b>	<b>1,461,496</b>	
<b>Net Asset Value Per Share</b>	<b>51.12</b>	<b>51.67</b>	

## STATEMENT OF CASH FLOWS (UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2016

	Value in Taka '000'		
	01.07.2016 to 31.12.2016	01.07.2015 to 31.12.2015	Growth %
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Collection from turnover	1,649,572	1,544,928	7
Other Income	1,171	939	25
Interest and financial charges paid	(42,593)	(40,155)	6
Income tax paid	(14,361)	(10,828)	33
Payment for costs and expenses	(1,546,052)	(1,678,010)	(8)
<b>Net cash generated from operating activities (a)</b>	<b>47,737</b>	<b>(183,126)</b>	(126)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Property, Plant and Equipment acquired	(63,590)	(9,177)	593
<b>Net cash used in investing activities (b)</b>	<b>(63,590)</b>	<b>(9,177)</b>	593
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Working Capital Loan received/(repaid)	(74,052)	48,990	(251)
Term loan received/(repaid)	(7,672)	17,334	(144)
Dividend Paid	(27)	(15,924)	(100)
<b>Net cash generated from financing activities (c)</b>	<b>(81,751)</b>	<b>50,400</b>	(262)
<b>Net increase/(decrease) in cash and cash equivalents(a+b+c)</b>	<b>(97,604)</b>	<b>(141,903)</b>	(31)
Cash & cash equivalents on opening	387,929	411,412	(6)
<b>Cash &amp; cash equivalents on closing</b>	<b>290,325</b>	<b>269,509</b>	8
<b>Net Operating Cash Flow Per Share</b>	<b>5.68</b>	<b>(21.80)</b>	

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2016

	Value in Taka '000'		
	01.07.2016 to 31.12.2016	01.07.2015 to 31.12.2015	Growth %
<b>REVENUE</b>	<b>1,598,102</b>	<b>1,613,448</b>	(1)
Cost of Goods Sold	(1,464,398)	(1,484,637)	(1)
<b>GROSS PROFIT</b>	<b>133,704</b>	<b>128,811</b>	4
<b>OPERATING EXPENSES:</b>	<b>(113,710)</b>	<b>(109,336)</b>	
Administrative & Selling Overhead	(110,757)	(107,055)	3
Financial Expenses	(2,953)	(2,281)	29
<b>OPERATING PROFIT</b>	<b>19,994</b>	<b>19,475</b>	3
Other Income	2,948	2,730	8
<b>PROFIT BEFORE PPF &amp; WF</b>	<b>22,942</b>	<b>22,205</b>	3
Provision for Contribution to PPF & WF	-	(1,110)	(100)
<b>PROFIT BEFORE TAX</b>	<b>22,942</b>	<b>21,095</b>	9
<b>TAX EXPENSES:</b>	<b>(12,403)</b>	<b>(9,528)</b>	30
Current Tax	(12,639)	(9,890)	28
Deferred Tax (Expenses)/Income	236	362	(35)
<b>NET PROFIT AFTER TAX</b>	<b>10,539</b>	<b>11,567</b>	(9)
<b>OTHER COMPREHENSIVE INCOME:</b>	<b>3,271</b>	<b>2,998</b>	9
Fair Valuation Surplus / ( Deficit ) of Investment	3,634	3,331	9
Deferred Tax (Exp.)/Income on share valuation Surplus	(363)	(333)	9
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>13,810</b>	<b>14,565</b>	(5)
<b>Earnings Per Share (EPS)</b>	<b>1.25</b>	<b>1.38</b>	(9)

## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2016

Particulars	Value in Taka '000'						
	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Fair Valuation Surplus	Capital Gain	Total
<b>As at 30 June, 2016</b>	84,000	15,000	129,701	192,935	9,668	2,752	434,056
Net Profit for the six months ended on 31st December 2016	-	-	-	10,539	-	-	10,539
Final dividend for the period 2015-2016	-	-	-	(18,480)	-	-	(18,480)
Fair Valuation Surplus/(deficit) of Investment	-	-	-	-	3,271	-	3,271
<b>As at 31st December 2016</b>	<b>84,000</b>	<b>15,000</b>	<b>129,701</b>	<b>184,994</b>	<b>12,939</b>	<b>2,752</b>	<b>429,386</b>

## STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE HALF YEAR ENDED 31ST DECEMBER, 2015

Particulars	Value in Taka '000'						
	Share Capital	Share Premium	Tax Holiday Reserve	Retained Earnings	Fair Valuation Surplus	Capital Gain	Total
<b>As at 30th June 2015</b>	84,000	15,000	129,701	186,698	7,985	2,752	426,136
Net Profit for the six months ended on 31st December 2015	-	-	-	11,567	-	-	11,567
Final dividend for the year 2014-15	-	-	-	(16,800)	-	-	(16,800)
Fair Valuation Surplus/(deficit) of Investment	-	-	-	-	2,998	-	2,998
Previous year adjustment of deferred tax	-	-	-	-	(798)	-	(798)
<b>As at 31st December 2015</b>	<b>84,000</b>	<b>15,000</b>	<b>129,701</b>	<b>181,465</b>	<b>10,185</b>	<b>2,752</b>	<b>423,103</b>

**Explanatory Notes:**  
(1) These financial statements have been prepared under the historical cost convention and going concern basis.  
(2) No interim dividend paid during the interim period ended on 31st December 2016  
(3) No diluted EPS is required to be calculated as there was no dilution during this period.  
(4) Last year's 2nd quarter figures have been re-arranged where considered necessary to confirm to current 2nd quarter presentation.  
(5) Figures were rounded-off to the nearest thousand Taka.

**Note:** The details of the published half yearly financial statements can be available in the web-site of the Company .  
The address of the web-site is [www.apexknitting.com](http://www.apexknitting.com)

Sd/-  
Zafar Ahmed  
Chairman

Sd/-  
Zahur Ahmed PhD  
Managing Director

Sd/-  
Shahriar Ahmed  
Director

Sd/-  
Kamruzzaman FCA  
Chief Financial Officer

Sd/-  
Kamrul Islam  
Assistant Company Secretary

**SELECTIVE NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED ON DECEMBER 31, 2016**

	Value in Taka '000'	
	As on 31.12.2016	As on 30.06.2016
<b>1. Property, Plant and Equipment ( WDV):</b>	<u>291,686</u>	<u>250,630</u>

During the period, fixed assets have been increased by Tk. 6,35,89,626/- mainly for generator import for Tk. 5,31,99,125/- but depreciation charged during the period is Tk. 2,25,32,873/- . Depreciation has been charged on additions made during the period from the month in which that assets are ready for used as per BAS 16.

<b>2. Trade Receivables:</b>	<u>386,396</u>	<u>437,866</u>
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During the period, trade receivables have been decreased due to prompt realization

<b>3. Advance, Deposits &amp; Pre-payments:</b>		
Advance Income Tax	88,246	73,885
Securities & Deposits	8,792	5,642
Advance against expenses	<u>17,201</u>	<u>69,347</u>
	<u>114,239</u>	<u>148,874</u>

The decrease mainly for adjustment of advance against expenses.

<b>4. Other Receivables:</b>		
Cash Incentive Receivable	20,779	21,416
FDRs Interest Receivable	358	347
Dividend Receivable	<u>1,767</u>	<u>-</u>
	<u>22,904</u>	<u>21,763</u>

The growth of 5.24% in Other receivables due to dividend receivable.

<b>5. Cash and Cash Equivalents:</b>		
<b>Cash in hand</b>	<b>66</b>	<b>20</b>
CD Account with Eastern Bank Ltd., Dhaka	12	14
CD Account with DBL, Dhaka	29	29
CD Account with SCB,Dhaka	185	181
CD Account with Mutual Trust Bank, Chandora	63	66
CD Account with MTB, Dilkusha, Dhaka	87	87
CD Account with AB Bank, Dhaka	41	42
CD Account with DBBL, Dhaka	1,139	295
CD Account with HSBC-Dividend, Dhaka	-	0
CD Account with EBL-Dividend, Dhaka	0	0
Fixed Deposit A/C with EBL	55,000	54,144
Foreign Currency Account with EBL, Dhaka-USD	46,173	15,885
Foreign Currency Account with HSBC-USD	376	489
STD Account with SCB,Dhaka	738	738
STD Account with EBL, Principal Branch, Dhaka	209	209
STD Account with HSBC, Dhaka	1	1
CC Accounts with EBL, Dhaka	26	27
Margin Account with EBL-USD	186,179	315,702
	<u>290,259</u>	<u>387,909</u>
	<u>290,325</u>	<u>387,929</u>

The decrease of cash & cash equivalents due to decrease of margin balance -USD for payment of BTB Liabilities in due date.

<b>6. Working Capital Loan:</b>		
Eastern Bank Ltd, Principal Br. Dhaka	44,967	69,446
HSBC, Dhaka	<u>(35,229)</u>	<u>14,344</u>
	<u>9,738</u>	<u>83,790</u>

The working capital loan decreased to 88.38% due to repayment of the outstanding balance of the loan.

<b>7. Short Term Loan :</b>		
Time loan-EBL	15,238	24,164
Import loan-EBL	<u>31,706</u>	<u>30,452</u>
	<u>46,944</u>	<u>54,616</u>

The decrease of short term loan due to repayment as per schedule time.

<b>8. Trade payables:</b>	<u>690,694</u>	<u>745,164</u>
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The decrease of trade creditors due to payment of BTB liabilities & dues of local suppliers as per schedule.

<b>9. Other Payables:</b>	<u>142,314</u>	<u>139,968</u>
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The increase of 1.68% in other payables mainly for provision income tax and unclaimed dividend (Unclaimed dividend upto 2015-2016 ( fifteen months) which has been approved in the last AGM dated on 22th December'16 but not distributed within 31.12.16.

	July to	July to
	Dec' 2016	Dec' 2015
<b>10. Revenue:</b>	<u>1,598,102</u>	<u>1,613,448</u>

Revenue has been decreased by .95% as compared to the revenue of same period of 2015-16 due to decrease of unit price during this period.

<b>11. Cost of Goods Sold:</b>		
Opening Stock of Finished Goods	47,678	31,180
Add: Cost of Production ( note # 11.a)	1,464,196	1,483,552
Less: Closing Stock of Finished Goods	<u>(47,476)</u>	<u>(30,095)</u>
	<u>1,464,398</u>	<u>1,484,637</u>

<b>11.a. Cost of Production:</b>		
Opening Raw Materials & WIP	145,471	149,954
Add: Raw Materials purchase during the year	899,159	966,424
Add: Factory Overhead (Note # 11.a.a)	564,726	514,408
Less: Closing Raw Materials & WIP	<u>(145,160)</u>	<u>(147,234)</u>
	<u>1,464,196</u>	<u>1,483,552</u>

<b>11.a.a Factory Overhead:</b>		
Wages & Salaries	433,929	410,889
Central Fund-RMG Sector	483	-
Telephone Charges	12	16
Carriage	3,729	4,511
Electricity	500	592
Gas, Fuel & Lubricant	48,729	24,838
Insurance	5,911	4,744
Repairs & Maintenance	37,855	35,750
Vehicle Maintenance	1,847	889
Tent Rent	-	25
ETP Chemical	3,185	-
Uniform & Liveries	61	37
Fire fighting Expenses	300	356
Testing Bill	5,012	6,044
Depreciation	21,734	24,066
VAT Expenses	1,439	1,651
	<u>564,726</u>	<u>514,408</u>

<b>12. Administration &amp; Selling Overhead:</b>		
AGM Expenses	36	199
Audit Fees	-	13
Bank Charges & Commission	7,557	6,855
Board Meeting Fees	5	11
Depreciation	799	922
Directors Remuneration	1,800	1,800
Entertainment	643	560
Export Processing & Handling Expenses	3,034	2,617
F.C. Charges	32,082	31,019
Freight & Forwarding Expenses	8,168	8,546
Insurance Premium	763	539
Legal & Professional Fees	353	197
Newspapers & Periodicals	6	7
Courier ,Postage & Stamp	43	62
Power & Fuel	385	195
Printing & Stationery	2,766	2,794
Publicity & Advertisement	144	297
Renewal & Fees	2,350	2,766
Rent & Rates	2,576	2,478
Repairs & Maintenance	1,638	1,639
Salary & Allowances	39,368	36,664
Sales Promotional Expenses	1,555	1,968
Subscription & Donation	108	174
T. A & Conveyance	872	743
Telephone, Fax and Radio Link	297	376
Transportation	2,825	2,997
Vehicles Maintenance	584	617
	<u>110,757</u>	<u>107,055</u>

<b>13. Financial Expenses:</b>		
Interest on Term Loan	2,351	1,803
Interest on Overdraft	602	478
	<u>2,953</u>	<u>2,281</u>

The increase of financial expenses due to more utilization of working capital.

<b>14. Other Income:</b>		
Interest earned on STD Account	6	16
Interest earned on FDR Account	962	1,584
Dividend Income	1,766	1,766
Foreign Exchange Gain/(Loss)	<u>214</u>	<u>(636)</u>
	<u>2,948</u>	<u>2,730</u>

The increase of 8.02% is mainly for foreign exchange gain during the period.

**15.Non-recognition of Workers' Profit Participation and Welfare Fund (WPPF):**  
We are a 100% export oriented Readymade Garment Industry(RMG) and as per Labour Rules 2015, Section 214 Gazetted on 15th September 2015, the Government is deducting @0.03% on our export proceeds realization as Central Fund RMG, so we believe that WPPF is not required for our Company.

<b>16. Provision for Tax:</b>	<u>(12,639)</u>	<u>(9,890)</u>
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The increased 27.79% for provision for tax is mainly for deduction of TDS on export proceeds @.70% from 0.60% as compare to last period with effect from 01st July, 2016.

<b>17. Net Operating Cash Flow Per Share:</b>	<u>5.68</u>	<u>(21.80)</u>
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Net operating cash flow was Tk. 5.68 per share for the 2nd quarter ended on 31st December 2016 but it was (Tk. 21.80) for the same period of last year, this is mainly for more realization and less payment for cost & expenses. This scenario is changeable time to time depending on different issues.

**18. Related Party Transactions:**  
Apex Spinning & Knitting Mills Limited has few transactions with Apex Yarn Dyeing Limited and Matex Bangladesh Limited. These transactions are considered as related party transactions as per BAS 24 "Related Party Transaction".The transactions are occurred during the period with an arm length transaction as per other normal buying & selling of dyes & chemical and yarn dyeing cost.

Sd/-  
Zafar Ahmed  
Chairman

Sd/-  
Zahur Ahmed Phd  
Managing Director

Sd/-  
Shahriar Ahmed  
Director

Sd/-  
Kamruzzaman FCA  
Chief Financial Officer

Sd/-  
Kamrul Islam  
Assistant Company Secretary